

**UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas**

**FINANCIAL STATEMENT AND INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended June 30, 2014**

**CLUBINE AND RETTELE, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS
Salina, Kansas**

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

FINANCIAL STATEMENT AND INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

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To the Board of Education
Unified School District No. 321
St. Marys, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 321, St Marys, Kansas, as of and for the year ended June 30, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 2 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statement, the financial statement is prepared by Unified School District No. 321 to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 321, as of June 30, 2014, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Unified School District No. 321, as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 2.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the June 30, 2014 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of receipts and disbursements – agency funds, and summary of receipts, expenditures, and unencumbered cash – District activity funds (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the June 30, 2014 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards (Schedule 5 as listed in the table of contents) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2014 basic financial statement. The June 30, 2014 information has been subjected to the auditing procedures applied in the audit of the June 30, 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the June 30, 2014 basic financial statement or to the June 30, 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the June 30, 2014 basic financial statement as a whole, on the basis of accounting described in Note 2.

The June 30, 2013 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget, (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the June 30, 2013 basic financial statement upon which we rendered an unqualified opinion dated August 16, 2013. The June 30, 2013 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such June 30, 2013 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2013 basic financial statement. The June 30, 2013 comparative information was subjected to the auditing procedures applied in the audit of the June 30, 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the June 30, 2013 basic financial statement or to the June 30, 2013 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the June 30, 2013 comparative information is fairly stated in all material respects in relation to the June 30, 2013 basic financial statement as a whole, on the basis of accounting described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2014, on our consideration of Unified School District No. 321's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District No. 321's internal control over financial reporting and compliance.

Clubine and Rettele, Chartered



Salina, Kansas
August 4, 2014



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Unified School District No. 321
St. Marys, Kansas

We have audited, in accordance with the auditing standards generally accepted in United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statement of Unified School District No. 321 as of and for the year ended June 30, 2014, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated August 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Unified School District No. 321's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 321's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 321's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clubine and Rettele, Chartered

Salina, Kansas
August 4, 2014



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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Unified School District No. 321
St. Marys, Kansas

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 321's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal controls over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for purpose of expressing an opinion on the effectiveness of internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type

of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Clubine & Rettele, Chartered

A handwritten signature in black ink, appearing to read "Clubine & Rettele", written in a cursive style.

Salina, Kansas
August 4, 2013

Unified School District No. 321
St. Marys, Kansas
Summary Statement of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis
For the Fiscal Year Ended June 30, 2014

Statement 1

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Add		Ending Cash Balance
				Ending Unencumbered Cash Balance	Encumbrances and Accounts Payable	
Governmental Type Funds:						
General Funds						
General	\$ -	\$ 8,071,463.83	\$ 8,071,463.83	\$ -	\$ 44,426.11	\$ 44,426.11
Supplemental General	240,886.88	2,558,278.62	2,615,847.00	183,318.50	191,347.35	374,665.85
Special Purpose Funds:						
Capital Outlay	580,835.75	2,390,659.77	1,632,780.46	1,338,715.06	406,400.90	1,745,115.96
Driver Training	15,958.95	11,772.00	11,080.75	16,650.20	113.55	16,763.75
Food Service	181,449.35	596,745.74	587,256.63	190,938.46	-	190,938.46
Professional Development	9,021.86	-	9,021.86	-	-	-
Parent Education	7,070.36	42,518.00	45,293.70	4,294.66	3,068.23	7,362.89
Special Education	497,941.27	1,832,424.08	2,243,547.65	86,817.70	58,372.45	145,190.15
Vocational Education	20,420.34	449,760.66	470,181.00	-	30,286.80	30,286.80
At Risk (4 Year Old)	10,000.12	53,243.26	63,243.38	-	-	-
At Risk (K-12)	19,591.53	643,603.47	663,195.00	-	2,404.00	2,404.00
KPERs Retirement	-	819,806.46	819,806.46	-	-	-
Contingency Reserve	584,717.44	-	-	584,717.44	-	584,717.44
Textbook Rental	85,414.17	51,367.12	136,781.29	-	-	-
Title I	0.02	189,006.00	189,006.00	0.02	10,635.84	10,635.86
Title II-A	-	34,111.00	34,111.00	-	7,587.20	7,587.20
Title VI-B Discretionary	-	10,978.00	10,978.00	-	-	-
Title VI-B Pass Thru	-	318,453.00	318,453.00	-	37,484.71	37,484.71
Title VI-B Preschool	-	8,573.00	8,573.00	-	2,474.32	2,474.32
Indian Education Grant	-	12,905.00	12,905.00	-	-	-
DLC Grant	7,095.40	248,976.00	256,071.40	-	255.94	255.94
Green School Grant	-	1,161.00	314.14	-	-	846.86
Gifts and Grants	4,945.82	476.33	2,799.07	2,623.08	-	2,623.08
Capital Projects	-	3,177,000.00	3,035,400.00	141,600.00	1,732,160.00	1,873,760.00
District Activity Funds	65,915.33	233,371.52	237,670.18	61,616.67	-	61,616.67
Bond and Interest Fund:						
Bond and Interest	96.17	-	-	96.17	-	96.17
Trust Funds						
Scholarships	8,712.96	421.75	1,017.39	8,117.32	-	8,117.32
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 2,340,073.72</u>	<u>\$ 21,757,075.61</u>	<u>\$ 21,476,797.19</u>	<u>\$ 2,620,352.14</u>	<u>\$ 2,527,017.40</u>	<u>\$ 5,147,369.54</u>
Composition of Cash:						
				Checking Accounts		\$ 5,207,285.60
				Certificates of Deposit		5,974.63
				Total Cash		5,213,260.23
				Agency Funds per Schedule 3		(65,890.69)
				Total Reporting Entity (Excluding Agency Funds)		<u>\$ 5,147,369.54</u>

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Note 1 Reporting Entity

Unified School District No. 321 is a municipal corporation governed by a citizen elected seven-member Board of Education.

Note 2 Basis of Accounting

Regulatory Basis of Accounting. The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities, or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

Fund Descriptions. The following types of funds comprise the financial activities of the District for the year ended June 30, 2014:

General Fund - The chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - Used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for a specified purpose.

Bond and Interest Fund - Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Trust Fund - Used to report assets held in trust for the benefit of the municipality

Agency Fund - Used to report assets held by the municipality in a purely custodial capacity

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statement.

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

NOTES TO FINANCIAL STATEMENT (Cont.)
JUNE 30, 2014

Note 3 Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but a least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments during the year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust funds, permanent funds, and the following special purpose funds:

Contingency Reserve Fund	Title VIB Discretionary Fund	DLC Grant Fund
Textbook Rental Fund	Title VIB Pass Thru Fund	Green School Grant Fund
Title I Fund	Title VIB Preschool Fund	Gifts and Grants Fund
Title IIA Fund	Indian Education Grant Fund	District Activity Funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Note 4 Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

NOTES TO FINANCIAL STATEMENT (Cont.)
JUNE 30, 2014

Note 4 Deposits and Investments (Cont.)

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has not designated a "peak period." All deposits were legally secured at June 30, 2014.

Deposits. At June 30, 2014, the District's carrying amount of deposits was \$5,213,260.23 and the bank balance was \$6,044,900.48. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$582,439.04 was covered by federal depository insurance, and the remaining \$5,462,461.44 was collateralized with securities held by the pledging financial institutions agents in the District's name.

Note 5 Interfund Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 1,483,593.42
General Fund	Vocational Education Fund	K.S.A. 72-6428	449,760.66
General Fund	At Risk (4 Year Old) Fund	K.S.A. 72-6428	53,243.26
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	571,807.47
General Fund	Parents as Teachers	K.S.A. 72-6429	16,500.00
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	300,981.92
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	12,100.00
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6433	71,796.00

Note 6 Defined Benefit Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, etc. seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

NOTES TO FINANCIAL STATEMENT (Cont.)
JUNE 30, 2014

Note 6 Defined Benefit Pension Plan (Cont.)

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49, 210 establish the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Effective January 1, 2014, Tier I member-employee contribution rate changed to 5% of covered salary. Effective January 1, 2015, Tier I member-employee contribution rate will change to 6% of covered salary. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share. Kansas contributes 11.12% of covered payroll for the period July 1, 2013 to June 30, 2014. Contributions for all school municipalities for the years ending June 30, 2014, 2013, and 2012 were \$361,575,393, \$323,067,803, and \$298,635,383 respectively.

Note 7 Other Post Employment Benefits

As Provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

Note 8 Termination Benefits

The District provides an early retirement program for certain eligible employees. An employee is eligible for early retirement if such employee (a) is currently a full-time employee of the school district, (b) is not eligible to receive full social security benefits and is retired or disabled according to the provisions of KPERS, (c) has ten or more years of full time employment service with USD 321, (d) has fully terminated contractual employment with USD 321, and (e) files an application to receive early retirement benefits in writing which shall be submitted on or before January 5, preceding the anticipated retirement date and includes all of the information required to be included. Those eligible under this program may receive benefits for up to five years. Payments to retired employees under this plan were \$17,500.00 for the fiscal year ended June 30, 2014.

The District provides a retirement plan for teachers. Written notification must be given to the Superintendent on or before December 15th of the current contract year for teachers to be eligible for this retirement benefit. Teachers retiring from service to the district will receive a retirement supplement of (a) for 10-14 years of service - 30 days of daily salary, (b) 15-19 years of service - 40 days of daily salary, and (c) 20 or more years of service - 50 days of daily salary. In order to be eligible for this benefit, teachers must be eligible for KPERS full retirement or permanent disability benefits and, in addition, actually be receiving disability or retirement benefits according to KPERS. Payments to retiring employees under this plan were \$109,454.00 for the fiscal year ended June 30, 2014.

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

NOTES TO FINANCIAL STATEMENT (Cont.)
JUNE 30, 2014

Note 9 Compensated Absences

Sick Leave. The District provides sick leave for classified and certified staff. Classified staff are allowed 12 days of sick leave per year after two consecutive months of employment. These may be accumulated to 60 days, with the use of the additional 12 days allowed for those with maximum accumulation of leave. Certified staff are also allowed 12 sick leave days per year, but may accumulate to 100 days, with the use of the additional 12 days allowed for those with maximum accumulation. Teachers using one or fewer sick leave days during the school year will receive a bonus of \$100.00. Payment for non-used sick leave is based on a minimum accumulation of 20 days to become eligible for payment. Payments to the individual is to be made upon retirement, reduction in force, resignation (prior to June 1 of contract year), death, or long-term disability. The payment rate is based on 100% of accumulated days at the rate of \$20.00 per day.

Vacation Leave. The District provides vacation leave to classified personnel after one year of service and does not accumulate. Employees leaving the District shall be paid for accrued vacation time at their regular daily rate. This leave is earned at the following rates:

<u>Years of Service</u>	<u>Vacation Time</u>
1-5 Years	2 Weeks
6-15 Years	3 Weeks
Over 15 Years	4 Weeks

Personal Leave. The District provides personal leave to classified and certified staff. Classified staff are allowed two days per year, accumulative to 3 days. Certified staff are allowed two days per year, and will be accumulated as sick leave when they reach more than four days accumulated.

As of June 30, 2014, the District had a total leave liability of \$1,434,602.34.

Note 10 Temporary Note

The District issued a Capital Outlay Note, Series 2013, per K.S.A 10-123 in lieu of issuing a capital outlay bond. The aggregate amount of the note was \$3,177,000.00 and the proceeds from the note are to be used for additions to the St. Marys Elementary School and St. Marys High School.

	<u>Expenditures To Date</u>	<u>Project Authorization</u>
St. Marys Elementary and High School Additions	\$ 2,505,900.00	\$ 3,177,000.00

Note 11 Subsequent Events

The District's management has evaluated events and transactions occurring after June 30, 2014 through August 4, 2014. The aforementioned date represents the date the financial statement was available to be issued.

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

NOTES TO FINANCIAL STATEMENT (Cont.)
June 30, 2014

Note 12 Long-Term Debt

Changes in long-term liabilities of the District for the fiscal year ended June 30, 2014, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Temporary Note:										
Capital Outlay Notes,										
Series 2013	3.90%	12/23/2013	\$ 3,177,000.00	9/1/2016	\$ -	\$ 3,177,000.00	\$ 529,500.00	-	\$ 2,647,500.00	\$ 23,403.90

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Year			
	2015	2016	2017	Total
Principal:				
Capital Outlay Notes, Series 2013	\$ 1,059,000.00	\$ 1,059,000.00	\$ 529,500.00	\$ 2,647,500.00
Interest:				
Capital Outlay Notes, Series 2013	92,927.26	51,626.26	10,325.26	154,878.78
Total Principal and Interest	<u>\$ 1,151,927.26</u>	<u>\$ 1,110,626.26</u>	<u>\$ 539,825.26</u>	<u>\$ 2,802,378.78</u>

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2014

Unified School District No. 321
St. Marys, Kansas
Summary of Expenditures - Actual and Budget, Regulatory Basis
For the Fiscal Year Ended June 30, 2014

Schedule 1

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
Governmental Type Funds:						
General	\$ 7,755,447.00	\$ (18,807.00)	\$ 334,823.85	\$ 8,071,463.85	\$ 8,071,463.83	\$ (0.02)
Supplemental General	2,621,411.00	(5,564.00)	-	2,615,847.00	2,615,847.00	-
Special Purpose Funds:						
Capital Outlay	2,803,541.00	-	-	2,803,541.00	1,632,780.46	(1,170,760.54)
Driver Training	33,039.00	-	-	33,039.00	11,080.75	(21,958.25)
Food Service	765,960.00	-	-	765,960.00	587,256.63	(178,703.37)
Professional Development	9,022.00	-	-	9,022.00	9,021.86	(0.14)
Parent Education	53,627.00	-	-	53,627.00	45,293.70	(8,333.30)
Special Education	2,595,879.00	-	-	2,595,879.00	2,243,547.65	(352,331.35)
Vocational Education	470,181.00	-	-	470,181.00	470,181.00	-
At Risk (4 Year Old)	91,056.00	-	-	91,056.00	63,243.38	(27,812.62)
At Risk (K-12)	663,195.00	-	-	663,195.00	663,195.00	-
KPERS Retirement	841,705.00	-	-	841,705.00	819,806.46	(21,898.54)

Unified School District No. 321

Schedule 2

St. Marys, Kansas

General Fund

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and shared Revenue:				
Ad Valorem Property Tax	\$ 5,505,323.50	\$ 5,618,331.96	\$ 5,427,758.00	\$ 190,573.96
Delinquent Tax	11,269.52	20,722.02	13,834.00	6,888.02
State Aid:				
General State Aid	784,182.00	701,855.00	896,917.00	(195,062.00)
Special Education Services Aid	1,255,479.00	1,395,731.00	1,416,938.00	(21,207.00)
Reimbursements and Other	236,665.56	334,823.85	-	334,823.85
Total Receipts	<u>7,792,919.58</u>	<u>8,071,463.83</u>	<u>\$ 7,755,447.00</u>	<u>\$ 316,016.83</u>
Expenditures				
Instruction	3,934,437.35	4,166,890.84	\$ 3,947,500.00	\$ 219,390.84
Student Support Services	10,371.79	12,241.08	12,000.00	241.08
Instructional Support Staff	185,082.19	187,994.10	187,300.00	694.10
General Administration	287,514.81	267,595.57	270,650.00	(3,054.43)
School Administration	598,368.02	588,455.01	600,200.00	(11,744.99)
Operations and Maintenance	27,863.00	55,842.06	26,200.00	29,642.06
Vehicle Operating Service	237,477.92	217,540.36	230,000.00	(12,459.64)
Operating Transfers	2,511,804.50	2,574,904.81	2,481,597.00	93,307.81
Adjustment to Comply with Legal Max	-	-	(18,807.00)	18,807.00
Legal General Fund Budget	7,792,919.58	8,071,463.83	7,736,640.00	334,823.83
Adjustment for Qualifying Budget Credits	-	-	334,823.85	(334,823.85)
Total Expenditures	<u>7,792,919.58</u>	<u>8,071,463.83</u>	<u>\$ 8,071,463.85</u>	<u>\$ (0.02)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

Unified School District No. 321
 St. Marys, Kansas
 Supplemental General Fund
 Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Schedule 2

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and shared Revenue:				
Ad Valorem Property Tax	\$ 2,559,646.85	\$ 2,463,912.74	\$ 2,460,291.00	\$ 3,621.74
Delinquent Tax	7,676.88	13,042.43	12,301.00	741.43
Motor Vehicle Tax	85,668.52	76,935.74	-	76,935.74
16/20 Tax	3,445.33	2,058.53	-	2,058.53
RV Tax	1,449.13	2,329.18	-	2,329.18
Total Receipts	<u>2,657,886.71</u>	<u>2,558,278.62</u>	<u>\$ 2,472,592.00</u>	<u>\$ 85,686.62</u>
Expenditures				
Instruction	\$ 808,384.73	\$ 853,242.14	\$ 862,050.00	\$ (8,807.86)
Student Support Services	2,882.18	3,594.54	-	3,594.54
Operations and Maintenance	1,339,015.01	1,374,132.40	1,289,600.00	84,532.40
Operating Transfers	449,983.08	384,877.92	469,761.00	(84,883.08)
Adjustment to Comply with Legal Max	-	-	(5,564.00)	5,564.00
Total Expenditures	<u>2,600,265.00</u>	<u>2,615,847.00</u>	<u>\$ 2,615,847.00</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	57,621.71	(57,568.38)		
Unencumbered Cash, Beginning	<u>183,265.17</u>	<u>240,886.88</u>		
Unencumbered Cash, Ending	<u>\$ 240,886.88</u>	<u>\$ 183,318.50</u>		

Unified School District No. 321
St. Marys, Kansas
Capital Outlay Fund

Schedule 2

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and shared Revenue:				
Ad Valorem Property Tax	\$ 2,242,775.72	\$ 2,289,467.95	\$ 2,217,060.00	\$ 72,407.95
Delinquent	5,357.17	9,164.12	5,645.00	3,519.12
Motor Vehicle Tax	58,320.63	54,399.26	-	54,399.26
RV Tax	982.77	959.47	-	959.47
16/20 Tax	2,429.23	1,908.97	-	1,908.97
Other	23,730.00	34,760.00	-	34,760.00
Total Receipts	<u>2,333,595.52</u>	<u>2,390,659.77</u>	<u>\$ 2,222,705.00</u>	<u>\$ 167,954.77</u>
Expenditures				
Instruction	320,218.12	472,215.86	\$ 75,000.00	\$ 397,215.86
Student Support Services	214,801.16	24,000.00	75,000.00	(51,000.00)
Other Support Services	1,922.00	-	-	-
General Administration	-	1,176.98	1,500.00	(323.02)
Transportation	123,848.40	193,385.25	150,000.00	43,385.25
Architectural and Engineering Services	34,128.00	299,044.96	50,000.00	249,044.96
Building Improvements	1,209,634.13	619,553.51	2,452,041.00	(1,832,487.49)
Interest - Capital Outlay Note	-	23,403.90	-	23,403.90
Total Expenditures	<u>1,904,551.81</u>	<u>1,632,780.46</u>	<u>\$ 2,803,541.00</u>	<u>\$ (1,170,760.54)</u>
Receipts Over (Under) Expenditures	429,043.71	757,879.31		
Unencumbered Cash, Beginning	<u>151,792.04</u>	<u>580,835.75</u>		
Unencumbered Cash, Ending	<u>\$ 580,835.75</u>	<u>\$ 1,338,715.06</u>		

Unified School District No. 321

Schedule 2

St. Marys, Kansas

Driver Training Fund

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid:				
State Safety Aid	\$ 8,184.00	\$ 5,610.00	\$ 10,580.00	\$ (4,970.00)
Other	<u>6,445.00</u>	<u>6,162.00</u>	<u>6,500.00</u>	<u>(338.00)</u>
Total Receipts	<u>14,629.00</u>	<u>11,772.00</u>	<u>\$ 17,080.00</u>	<u>\$ (5,308.00)</u>
Expenditures				
Instruction	14,264.76	10,204.48	\$ 28,539.00	\$ (18,334.52)
Vehicle Operations and Maintenance	<u>2,270.35</u>	<u>876.27</u>	<u>4,500.00</u>	<u>(3,623.73)</u>
Total Expenditures	<u>16,535.11</u>	<u>11,080.75</u>	<u>\$ 33,039.00</u>	<u>\$ (21,958.25)</u>
Receipts Over (Under) Expenditures	(1,906.11)	691.25		
Unencumbered Cash, Beginning	<u>17,865.06</u>	<u>15,958.95</u>		
Unencumbered Cash, Ending	<u>\$ 15,958.95</u>	<u>\$ 16,650.20</u>		

Unified School District No. 321

Schedule 2

St. Marys, Kansas

Food Service Fund

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid:				
Food Service Aid	\$ 6,250.35	\$ 6,343.32	\$ 6,240.00	\$ 103.32
Federal Aid:				
School Breakfast Program	67,191.43	68,205.83	-	68,205.83
National School Lunch Program	244,830.62	257,911.62	317,591.00	(59,679.38)
Child Nutrition Discetionary Grant	-	543.31	-	543.31
Team Nutrition Grants	1,305.00	1,240.00	-	1,240.00
Food Service Training Grant	800.00	-	-	-
Local Receipts	229,928.34	231,438.33	240,680.00	(9,241.67)
Other	19,212.60	18,963.33	20,000.00	(1,036.67)
Operating Transfers	9,500.00	12,100.00	-	12,100.00
Total Receipts	<u>579,018.34</u>	<u>596,745.74</u>	<u>\$ 584,511.00</u>	<u>\$ 12,234.74</u>
Expenditures				
Operations and Maintenance	6,240.00	18,740.00	\$ 10,100.00	\$ 8,640.00
Food Service Operation	<u>547,602.37</u>	<u>568,516.63</u>	<u>755,860.00</u>	<u>(187,343.37)</u>
Total Expenditures	<u>553,842.37</u>	<u>587,256.63</u>	<u>\$ 765,960.00</u>	<u>\$ (178,703.37)</u>
Receipts Over (Under) Expenditures	25,175.97	9,489.11		
Unencumbered Cash, Beginning	<u>156,273.38</u>	<u>181,449.35</u>		
Unencumbered Cash, Ending	<u>\$ 181,449.35</u>	<u>\$ 190,938.46</u>		

Unified School District No. 321
 St. Marys, Kansas
 Professional Development Fund
 Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Schedule 2

	Current Year			Variance Over (Under)
	Prior Year Actual	Actual	Budget	
Receipts				
State Aid:				
Professional Development Aid	\$ -	\$ -	\$ -	\$ -
Expenditures				
Instructional Support Staff	600.62	9,021.86	\$ 9,022.00	\$ (0.14)
Receipts Over (Under) Expenditures	(600.62)	(9,021.86)		
Unencumbered Cash, Beginning	9,622.48	9,021.86		
Unencumbered Cash, Ending	\$ 9,021.86	\$ -		

Unified School District No. 321

Schedule 2

St. Marys, Kansas

Parent Education Fund

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid:				
Parent Education Program	\$ 26,557.00	\$ 26,018.00	\$ 26,557.00	\$ (539.00)
Operating Transfers	-	16,500.00	20,000.00	(3,500.00)
Total Receipts	<u>26,557.00</u>	<u>42,518.00</u>	<u>\$ 46,557.00</u>	<u>\$ (4,039.00)</u>
Expenditures				
Student Support Services	<u>42,929.89</u>	<u>45,293.70</u>	<u>\$ 53,627.00</u>	<u>\$ (8,333.30)</u>
Receipts Over (Under) Expenditures	(16,372.89)	(2,775.70)		
Unencumbered Cash, Beginning	<u>23,443.25</u>	<u>7,070.36</u>		
Unencumbered Cash, Ending	<u>\$ 7,070.36</u>	<u>\$ 4,294.66</u>		

Unified School District No. 321

Schedule 2

St. Marys, Kansas

Special Education Fund

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Current Year			Variance Over (Under)
	Prior Year Actual	Actual	Budget	
Receipts				
Federal Aid:				
Regular Aid	\$ -	\$ -	\$ 250,000.00	\$ (250,000.00)
Medical Assistance Program (Medicaid)	51,041.26	34,121.71	52,000.00	(17,878.29)
Other	8,375.39	13,727.03	9,000.00	4,727.03
Operating Transfers	<u>1,886,287.58</u>	<u>1,784,575.34</u>	<u>1,786,938.00</u>	<u>(2,362.66)</u>
Total Receipts	<u>1,945,704.23</u>	<u>1,832,424.08</u>	<u>\$ 2,097,938.00</u>	<u>\$ (15,513.92)</u>
Expenditures				
Instruction	1,441,165.08	1,522,896.24	\$ 1,899,394.00	\$ (376,497.76)
Student Support Services	366,684.59	414,268.90	385,600.00	28,668.90
Instructional Support Staff	49,864.69	36,602.90	51,775.00	(15,172.10)
School Administration	107,587.03	123,268.69	125,050.00	(1,781.31)
Operations and Maintenance	2,059.33	-	-	-
Student Transportation Service	<u>132,266.09</u>	<u>146,510.92</u>	<u>134,060.00</u>	<u>12,450.92</u>
Total Expenditures	<u>2,099,626.81</u>	<u>2,243,547.65</u>	<u>\$ 2,595,879.00</u>	<u>\$ (352,331.35)</u>
Receipts Over (Under) Expenditures	(153,922.58)	(411,123.57)		
Unencumbered Cash, Beginning	<u>651,863.85</u>	<u>497,941.27</u>		
Unencumbered Cash, Ending	<u>\$ 497,941.27</u>	<u>\$ 86,817.70</u>		

Unified School District No. 321
 St. Marys, Kansas
 Vocational Education Fund
 Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Schedule 2

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Operating Transfers	\$ 443,000.00	\$ 449,760.66	\$ 449,761.00	\$ (0.34)
Expenditures				
Instruction	472,579.66	470,181.00	\$ 470,181.00	\$ -
Receipts Over (Under) Expenditures	(29,579.66)	(20,420.34)		
Unencumbered Cash, Beginning	50,000.00	20,420.34		
Unencumbered Cash, Ending	\$ 20,420.34	\$ -		

Unified School District No. 321
 St. Marys, Kansas
 At Risk (4 Year Old) Fund
 Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Schedule 2

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Operating Transfers	\$ 80,000.00	\$ 53,243.26	\$ 81,056.00	\$ (27,812.74)
Expenditures				
Instruction	95,018.00	63,243.38	\$ 91,056.00	\$ (27,812.62)
Receipts Over (Under) Expenditures	(15,018.00)	(10,000.12)		
Unencumbered Cash, Beginning	25,018.12	10,000.12		
Unencumbered Cash, Ending	\$ 10,000.12	\$ -		

At Risk (K-12) Fund
 Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Operating Transfers	\$ 543,000.00	\$ 643,603.47	\$ 643,603.00	\$ 0.47
Expenditures				
Instruction	573,788.32	663,195.00	\$ 663,195.00	\$ -
Receipts Over (Under) Expenditures	(30,788.32)	(19,591.53)		
Unencumbered Cash, Beginning	50,379.85	19,591.53		
Unencumbered Cash, Ending	\$ 19,591.53	\$ -		

Unified School District No. 321
 St. Marys, Kansas
 KPERS Retirement Fund
 Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Schedule 2

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid:				
KPERS Employer Contributions	\$ 725,608.36	\$ 819,806.46	\$ 841,705.00	\$ (21,898.54)
Expenditures	725,608.36	819,806.46	\$ 841,705.00	\$ (21,898.54)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

Contingency Reserve Fund
 Schedule of Receipts and Expenditures - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers	\$ -	\$ -
Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	584,717.44	584,717.44
Unencumbered Cash, Ending	\$ 584,717.44	\$ 584,717.44

Unified School District No. 321
 St. Marys, Kansas
 Textbook Rental Fund
 Schedule of Receipts and Expenditures - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Schedule 2

	Prior Year Actual	Current Year Actual
Receipts		
Rental Fees	\$ 52,987.79	\$ 51,367.12
Expenditures		
Instruction	91,892.91	136,781.29
Receipts Over (Under) Expenditures	(38,905.12)	(85,414.17)
Unencumbered Cash, Beginning	124,319.29	85,414.17
Unencumbered Cash, Ending	\$ 85,414.17	\$ -

Title I Fund
 Schedule of Receipts and Expenditures - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid:		
Title I Grants to Local Educational Agencies	\$ 191,391.00	\$ 189,006.00
Expenditures		
Instruction	191,391.00	189,006.00
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	0.02	0.02
Unencumbered Cash, Ending	\$ 0.02	\$ 0.02

Unified School District No. 321

Schedule 2

St. Marys, Kansas

Title II-A Fund

Schedule of Receipts and Expenditures - Regulatory Basis

For the Fiscal Year Ended June 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid:		
Improving Teacher Quality State Grants	\$ 37,424.00	\$ 34,111.00
Expenditures		
Instructional Support Services	37,424.00	34,111.00
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

Title VI-B Discretionary Fund

Schedule of Receipts and Expenditures - Regulatory Basis

For the Fiscal Year Ended June 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid:		
Special Education Grants to States	\$ 12,978.00	\$ 10,978.00
Expenditures		
Instruction	12,978.00	10,978.00
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

Unified School District No. 321
 St. Marys, Kansas
 Title VI-B Pass Thru Fund
 Schedule of Receipts and Expenditures - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Schedule 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid:		
Special Education Grants to States	\$ 223,050.00	\$ 318,453.00
Expenditures		
Student Support Services	223,050.00	318,453.00
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

Title VI-B Preschool Fund
 Schedule of Receipts and Expenditures - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid:		
Special Education Preschool Grants	\$ 11,092.00	\$ 8,573.00
Expenditures		
Instruction	11,092.00	8,573.00
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

Unified School District No. 321
 St. Marys, Kansas
 Indian Education Grant Fund
 Schedule of Receipts and Expenditures - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Schedule 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid:		
Indian Education Grants to Local Educational Agencies	\$ 14,974.00	\$ 12,905.00
Expenditures		
Instruction	14,974.00	12,905.00
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

DLC Grant Fund
 Schedule of Receipts and Expenditures - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Headstart Grant	\$ 273,792.00	\$ 248,976.00
Expenditures		
Instruction	180,746.60	170,121.40
Student Transportation Service	85,950.00	85,950.00
Total Expenditures	266,696.60	256,071.40
Receipts Over (Under) Expenditures	7,095.40	(7,095.40)
Unencumbered Cash, Beginning	-	7,095.40
Unencumbered Cash, Ending	\$ 7,095.40	\$ -

Unified School District No. 321
 St. Marys, Kansas
 Green School Grant Fund
 Schedule of Receipts and Expenditures - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Schedule 2

	Prior Year Actual	Current Year Actual
Receipts		
Other Grants	\$ -	\$ 1,161.00
Expenditures		
Scholarships	-	314.14
Receipts Over (Under) Expenditures	-	846.86
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 846.86

Gifts and Grants Funds
 Schedule of Receipts and Expenditures - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Other Grants	\$ 404.00	\$ 476.33
Expenditures		
Instruction	-	2,799.07
Receipts Over (Under) Expenditures	404.00	(2,322.74)
Unencumbered Cash, Beginning	4,541.82	4,945.82
Unencumbered Cash, Ending	\$ 4,945.82	\$ 2,623.08

Unified School District No. 321
 St. Marys, Kansas
 Capital Projects Fund
 Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Schedule 2

	Prior Year Actual	Current Year Actual
Receipts		
Capital Outlay Note Proceeds	\$ -	\$ 3,177,000.00
Expenditures		
Principal - Capital Outlay Note	-	529,500.00
Construction	-	2,505,900.00
Total Expenditures	-	3,035,400.00
Receipts Over (Under) Expenditures	-	141,600.00
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 141,600.00

Unified School District No. 321
 St. Marys, Kansas
 Bond and Interest Fund
 Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
 For the Fiscal Year Ended June 30, 2014
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Schedule 2

	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenue:				
Delinquent Taxes	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	96.17	96.17		
Unencumbered Cash, Ending	\$ 96.17	\$ 96.17		

Unified School District No. 321

Schedule 2

St. Marys, Kansas

Scholarship Fund

Schedule of Receipts and Expenditures - Regulatory Basis

For the Fiscal Year Ended June 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Interest	\$ 632.34	\$ 421.75
Expenditures		
Scholarships	990.84	1,017.39
Receipts Over (Under) Expenditures	(358.50)	(595.64)
Unencumbered Cash, Beginning	9,071.46	8,712.96
Unencumbered Cash, Ending	\$ 8,712.96	\$ 8,117.32

Unified School District No. 321
St. Marys, Kansas
Agency Funds
Summary of Receipts and Disbursements - Regulatory Basis
For the Fiscal Year Ended June 30, 2014

Schedule 3

Student Organization Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Rossville High School				
FFA	\$ 6,554.87	\$ 25,274.45	\$ 24,949.95	\$ 6,879.37
FCCLA	227.15	5,598.98	5,742.58	83.55
Student Council	985.49	2,429.04	2,450.37	964.16
FBLA	5,768.47	6,987.65	8,276.83	4,479.29
National Honor Society	3.09	-	-	3.09
Business Class	1,038.08	92.00	92.99	1,037.09
PE Class	48.93	-	-	48.93
Video Class	212.10	230.24	206.75	235.59
Rossville Junior High Pep Club	2,182.83	5,707.60	4,080.84	3,809.59
Rossville Junior High Student Council	552.63	2,691.25	2,882.40	361.48
Scholars Bowl	249.24	-	85.00	164.24
SADD	102.91	-	27.15	75.76
Class of 2013	533.87	-	533.87	-
Class of 2014	2,274.29	810.80	2,904.24	180.85
Class of 2015	2,650.30	4,684.11	6,760.22	574.19
Class of 2016	541.70	2,555.00	1,573.55	1,523.15
Class of 2017	-	770.51	10.00	760.51
Cheerleaders	1,635.31	5,869.56	5,854.38	1,650.49
Art Club	111.02	-	80.00	31.02
Dance Team	3,365.37	4,018.00	3,521.01	3,862.36
Spirit Club	703.06	2,133.01	2,268.04	568.03
Foreign Language Tours	310.03	3,464.39	2,693.81	1,080.61
Theatre	343.86	-	-	343.86
St. Marys High School				
FFA	45.92	20,185.56	20,199.40	32.08
FCCLA	924.25	2,595.03	2,861.64	657.64
Student Council	3,978.70	15,894.46	15,442.53	4,430.63
FBLA	2,492.73	2,086.28	1,216.30	3,362.71
Letterman Club	4,289.49	11,047.13	9,814.25	5,522.37
National Honor Society	218.35	1,040.00	1,205.72	52.63
SADD	269.98	750.65	506.20	514.43
Senior Class	921.46	1,858.15	2,686.43	93.18
Junior Class	2,279.61	10,701.62	11,902.13	1,079.10
Sophomore Class	1,737.68	2,968.31	1,028.00	3,677.99
Freshman Class	612.59	-	158.10	454.49
Cheerleaders	2,129.77	10,155.90	11,301.28	984.39
Music	7,894.14	31,938.37	34,094.50	5,738.01
Drill Team	1,572.85	9,341.08	9,250.38	1,663.55
Scholars Bowl	166.02	-	-	166.02
Rossville Elementary				
Wellness Program	1,094.87	1,000.00	1,129.93	964.94
Blue Cross & Blue Shield	1,000.00	-	-	1,000.00
Carol Jory Donation	5,000.00	-	-	5,000.00
Science	173.09	-	-	173.09
Band	998.00	435.58	-	1,433.58
St. Marys Elementary				
Band	4.14	56.07	60.21	-
Student Council	-	1,231.41	1,062.75	168.66
Social Committee	32.54	624.00	652.55	3.99
Total Agency Funds	\$ 68,230.78	\$ 197,226.19	\$ 199,566.28	\$ 65,890.69

Schedule 4

**St. Marys, Kansas
District Activity Funds**

For the Fiscal Year Ended June 30, 2014

Add

	Beginning Unencumbered Cash Balance		Receipts		Expenditures		Ending Unencumbered Cash Balance		Outstanding Encumbrances and Accounts Payable		Current Year Ending Cash Balance	
District Activity Funds												
Athletics and Other												
Rossville High School	\$ 11,319.11	\$ 125,237.40	\$ 116,457.34	\$ 20,099.17	\$ -	-	\$ 20,099.17					\$ 20,099.17
St.Marys High School	17,135.78	50,444.62	56,168.44	11,411.96	-	-	11,411.96					11,411.96
Rossville Elementary	5,854.68	4,712.48	6,944.15	3,623.01	-	-	3,623.01					3,623.01
St.Marys Elementary	1,320.27	7,198.39	7,491.27	1,027.39	-	-	1,027.39					1,027.39
Total Athletics and Other	35,629.84	187,592.89	187,061.20	36,161.53	-	-	36,161.53					36,161.53
School Projects												
Rossville High School	13,578.87	11,185.82	15,264.81	9,499.88	-	-	9,499.88					9,499.88
St.Marys High School	4,482.16	9,196.15	9,912.36	3,765.95	-	-	3,765.95					3,765.95
Rossville Elementary	7,607.45	22,287.92	20,630.01	9,265.36	-	-	9,265.36					9,265.36
St.Marys Elementary	4,617.01	3,108.74	4,801.80	2,923.95	-	-	2,923.95					2,923.95
Total School Projects	30,285.49	45,778.63	50,608.98	25,455.14	-	-	25,455.14					25,455.14
Total District Activity Funds	\$ 65,915.33	\$ 233,371.52	\$ 237,670.18	\$ 61,616.67	\$ -	-	\$ 61,616.67					\$ 61,616.67

**UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas**

SINGLE AUDIT SECTION

For the Year Ended June 30, 2014

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

Schedule 5

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Program Year	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:				
Pass-through program from Kansas State Department of Education				
School Breakfast Program	2013-14	10.553	3529-3490	\$ 68,205.83
National School Lunch Program	2013-14	10.555	3530-3500	226,700.33
National School Lunch Program (Cash for Commodities)	2013-14	10.555	3530-3500	31,211.29
Total Child Nutrition Cluster				<u>326,117.45</u>
Team Nutrition Grants	2013-14	10.574	3230-3020	1,240.00
Child Nutrition Discretionary Grants	2013-14	10.579	3230-3020	543.31
Total Pass-through Programs				<u>327,900.76</u>
Total U.S. Department of Agriculture				<u>327,900.76</u>
U.S. Department of Education:				
Pass-through program from Kansas State Department of Education				
Special Education Grants to States	2013-14	84.027	3234-3050	318,453.00
Special Education Grants to States	2013-14	84.027	3234-3050	10,978.00
Special Education Preschool Grants	2013-14	84.173	3535-3550	8,573.00
Total Special Education Cluster				<u>338,004.00</u>
Title I Grants to Local Educational Agencies	2013-14	84.010	3532-3520	189,006.00
Title II Improving Teacher Quality State Grants	2013-14	84.367	3526-3860	34,111.00
Total Pass-through Programs				<u>561,121.00</u>
Total U.S. Department of Education				<u>561,121.00</u>
Total Expenditures of Federal Awards				<u>\$ 889,021.76</u>

See accompanying notes to schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014

Note 1 Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 321 and is presented on the regulatory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statement.

Regulatory Basis of Accounting. The regulatory basis of accounting, as used in the preparation of these regulatory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c) waiving the requirement for application of generally accepted accounting principles and allowing the district to use the regulatory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation, which shows receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statement.

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

Schedule 6

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2014

There are no prior year audit findings.

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

Schedule 7

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statement of Unified School District No. 321 which are prepared on the regulatory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.
2. No instances of noncompliance material to the financial statement of Unified School District No. 321 were disclosed during the audit.
3. The auditor's report on compliance for the major federal award programs for Unified School District No. 321 expresses an unqualified opinion on all major programs.
4. There were no audit findings relative to the major federal award programs for Unified School District No. 321.

IDENTIFICATION OF MAJOR PROGRAMS:

5. The following programs were tested as major programs during the period under audit:

10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program (Cash for Commodities)
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

6. The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.00.
7. Unified School District No. 321 was determined to be a low-risk auditee under OMB Circular A-133.

FINDINGS - FINANCIAL STATEMENT AUDIT

None

UNIFIED SCHOOL DISTRICT NO. 321
St. Marys, Kansas

Schedule 8

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2014

None required.